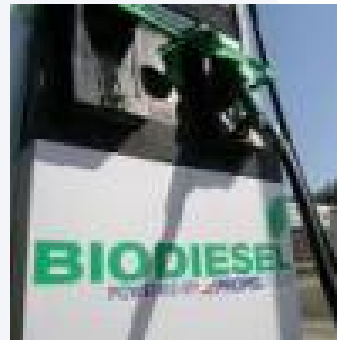




Rural Energy Programs

from

USDA Rural Development



Committed to the future of rural communities.

Northwest Dairy Digester Workshop
November 18, 2009
Sunnyside, Washington

Energy programs

- **REAP** – grants & loan guarantees
(Rural Energy for America Program)
(fka – §9006)
- **Value-Added Producer Grant**
(VAPG)

REAP grants & loan guarantees

Rural Energy for America Program

(the new & improved “§9006 program”)



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<http://reap.ruraloregon.biz>

REAP funds available

FY 2009 Funding = \$55+ Million



FY 2008 Funding = \$36 Million

Long term outlook:

- \$60+ Million in 2010
- \$70+ Million in 2011 & 2012

REAP grants

- Finances up to 25% of the cost of a rural energy project
- Maximum REAP grant:
 - Energy Efficiency: \$250,000
 - Renewable Energy Systems: \$500,000



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REAP eligible technologies

- **Wind** – turbines, small & large
- **Solar** – PV or hot-water
- **Biomass & Bioenergy** – biofuels (e.g., biodiesel) or electricity (e.g., biomass boilers & wood pellets) from renewable organic source materials
- **Anaerobic Digester** – animal waste
- **Geothermal** – electric or direct use
- **Energy Efficiency** – commercial or farm buildings, irrigation systems

New eligible categories!

- **Hydroelectric** – micro-hydro
- – but proven technologies only



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REAP eligible applicants

- **Agricultural Producers**
(50% or more of income from agriculture operation)
- **Small Rural Businesses**
(SBA size standards)

Not eligible:

Nonprofits & public entities

Residential projects



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REAP other requirements

- Project must be located in rural area (non-metro)
- **Commercially-available technology** (not R & D)
- If project cost > \$200,000 → independent feasibility study required

REAP process

- *Invite application thru a NOFA*
- *Once/twice-a-year*, competitive process taking about 4 months from application to outcome
- 2009 application deadline to be announced
(The 2008 deadlines were April 15 & June 16.)
- The application is complex. A template is available on Oregon-RD's web site.

REAP grants – “the sweet spot”

- Projects with greatest chance of success:
 - **Small renewable energy projects**
≤ \$200,000 cost , i.e. < \$50,000 grant request)
 - Small wind
 - Rooftop solar
 - Such projects submit simpler applications
 - No feasibility study is required
 - **Energy efficiency projects**
 - Energy savings >35% energy audit by a PE or CEM

REAP guaranteed loans

Lender-driven: federal guarantee of bank loans for energy projects

- Maximum loan amount: **\$25 million**
- Lender gets a 60-85% guarantee (depending on loan size) on their loan
- Loan can finance **up to 75%** of project

REAP “combos”

(grants + guaranteed loans)

- Combination **cannot exceed 75% of project cost. Grant amount not to exceed 25%.**
- “Combo” projects may enjoy faster approval process & increased access to grants.
- “Combo” requires a willing lender as co-applicant.

Value-Added Producer Grant (VAPG) Program



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<http://vapg.ruraloregon.biz>

VAPG funds available

FY2009 Funding = \$15+ Million



FY2008 Funding = \$18 Million

increased funding possible



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<http://vapg.ruraloregon.biz>

VAPG eligible uses

Matching grants:

- Up to \$100,000 for Planning
- Up to \$300,000 for Working Capital

Not for equipment or real estate improvements

VAPG eligible activities

- Types of value-added activities that VAPG can fund:
 - * Commodity Processing (inc. biofuels)
 - * Differentiated marketing (branding)
 - * **Renewable Energy (on-farm)**

VAPG eligible energy activities

- Types of Renewable Energy projects (on-farm only):

- **Wind**
- Solar
- Geothermal
- Biomass
- Biofuels
- Anaerobic digesters



VAPG eligible applicants

- Matching grants for **producers** (farmers, ranchers, timber lot owners, or fishermen), **ag producer groups**, & **coops**
- Applicants must produce & own the commodity to which value is being added.
(For renewable energy projects, this means the renewable resource must be on-farm.)

VAPG process

- National funding competition.
- *Once-a-year*, competitive process taking about 5 months from application to outcome.
- 2009 application deadline to be announced.
(The 2008 deadline was March 31.)
- The application is complex. A template is available on Oregon-RD's web site.

VAPG

Anaerobic Digester

- High Pass Ranch – \$30,643 – Chicken Litter – Lane County
- Misty Meadow Dairy - \$50,000 – Dairy Facility – Tillamook County

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